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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Donna Searcy, Secretary
Federal Communications Commission
1919 M Street, N.W. - Room 222
Washington, DC 20554

Subject: Application of Open Network Architecture and
Nondiscrimination Safeguards to GTE Corporation
CC Docket No. 92-256

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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In the Matter of)

Application of Open Network)
Architecture and Nondiscrimination)
Safeguards to GTE Corporation)

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REPLY COMMENTS OF THE GENERAL SERVICES ADMINISTRATION

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March 24, 1993

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REPLY COMMENTS OF THE GENERAL SERVICES ADMINISTRATION

The General Services Administration ("GSA"), on behalf of the Federal Executive Agencies, hereby submits its Reply Comments in response to the Commission's Notice of Proposed Rulemaking ("NPRM"), FCC 92-495, released December 2, 1992 in CC Docket No. 92-256. This NPRM solicited comments and replies on the application to the GTE Corporation ("GTE") of the Open Network Architecture ("ONA") regulatory framework that currently applies to the Bell Operating Companies ("BOCs") for GTE's participation in the enhanced services market.

I. INTRODUCTION

In comments filed on February 1, 1993 in this proceeding, GSA supported the Commission's proposal to apply ONA and nondiscrimination safeguards to GTE. GSA also recommended that GTE

be subject to the same rules as the BOCs, and that implementation be on a streamlined basis.

Comments supportive of the Commission's proposal were also filed by the State of Hawaii ("Hawaii"); MCI Telecommunications Corporation ("MCI"); Bell Atlantic; the National Association of Broadcasters ("NAB"); the Information Technology Association of America ("ITAA"); the Association of Telemessaging Services, International, Inc. ("ATSI"); and the Independent Telecommunications Network, Inc. ("ITN"). GTE opposed the Commission's proposal, and Sprint Communications Company LP ("Sprint") opposed application of ONA in its present form to GTE.

In these Reply Comments, GSA responds to the comments and proposals of these parties, and reiterates its support of the Commission's proposal.

II. OPEN NETWORK ARCHITECTURE AND NONDISCRIMINATION SAFEGUARDS SHOULD BE APPLIED TO GTE.

In its Comments, GSA emphasized that the extension of the Commission's ONA and nondiscrimination rules to GTE would ensure that the benefits derived from these rules would be brought to customers and enhanced service providers in GTE's many service areas.¹ Given the experience gained from the BOCs' implementation of these rules, and the increased scope and strength of GTE's operations since its merger with Contel, GSA saw no compelling

¹Comments of GSA, pp. 3-5.

reason to continue to exclude GTE from the Commission's ONA and nondiscrimination rules.

The comments of most intervenors are consistent with GSA's position.² MCI summarizes its position as follows:

There is no reason not to require GTE to meet the minimal standards that are now in place for ONA. No other regulatory safeguards applicable to GTE will be eliminated or reduced as a result of the application of ONA to GTE. It is also conceivable that the change in administrations might cause the Commission to improve ONA. In short, ONA, like chicken soup, can't hurt.³

GTE, however, raises numerous issues in its opposition to the Commission's proposals. GSA finds little merit in any of GTE's assertions.

First of all, GTE claims that increasing competition has diminished the need for the Commission's ONA rules, and that these rules would harm GTE's ability to compete.⁴ GSA strongly disagrees. The growth of Enhanced Service Provider ("ESP") competition increases, rather than diminishes, the need for an ONA tariff and service framework in GTE's operating areas. Without ONA, the emerging ESPs will be hindered, if not foreclosed from entering markets served by GTE. GTE's ability to compete would not be harmed, only its ability to maintain monopoly power over the developments of many enhanced services. It is precisely because of this monopoly power that ONA and nondiscrimination rules are

²See, e.g., Comments of ITAA, pp. 3-5; ATSI, pp. 11-12; ITN, pp. 10-11.

³Comments of MCI, pp. 4-5.

⁴Comments of GTE, pp. 8-15.

needed. Application of these rules to GTE will prevent one company from using its market power to unfair advantage. GTE's ability to compete with ESPs in the provision of enhanced services will not be compromised, any more than the ONA and nondiscrimination rules compromise the ability of the RBOCs to compete, which is not at all.

GTE next asserts that its customer base is less dense than that of the BOCs, and that this both diminishes its ability to engage in anti-competitive activity and increases its costs disproportionately.⁵ Hawaii effectively rebuts these arguments by demonstrating that GTE's nationwide market is not, in fact, less dense than U S West's market:

GTE has 33.7 lines per square mile of service area;
U S West has only 25.9 lines per square mile of
service area.⁶

GTE's corporate structure and overall size serve to offset GTE's concerns:

Furthermore, GTE Corporation's operations are centralized. Indeed, it allocates certain functions to specific operating companies that provide those functions for the entire group of operating companies. Thus the resources of the holding company system affect all of its operations and its aggregate resources are certainly relevant.⁷

Finally, Hawaii emphasizes that the costs of applying ONA and nondiscrimination safeguards to GTE are well worth it:

⁵Comments of GTE, pp. 34-39.

⁶Comments of Hawaii, Attachment C, p. A2.

⁷Id., Appendix A, p. 6.

While the state should always be concerned about imposing undo costs on GTE Hawaiian, it is sound State policy to promote the development of an information sector in our economy, even if it imposes some additional costs on the system. In particular, the imposition of ONA will guarantee information service businesses a level playing field if they locate in our State. They do not presently enjoy that guarantee.⁸

GTE's final argument is that it has voluntarily implemented procedures which achieve the Commission's goals and further action is unnecessary.⁹ It is not apparent why, if GTE has already implemented the appropriate ONA and non-discrimination procedures, it should object to being subjected to the Commission's rules on these matters. Moreover, the Commission has a responsibility to the public to define explicitly acceptable procedures for all dominant carriers, including GTE. It should not abrogate this responsibility at the behest of a single carrier.

III. GTE SHOULD BE SUBJECT TO THE SAME RULES AS THE BOCS.

In its comments, GSA recommended that GTE be subject to the same rules as the BOCs.¹⁰ Most intervenors agree with GSA.¹¹ Bell Atlantic goes on to state:

Two U. S. Courts of Appeals, however, have been unpersuaded by the Commission's previous attempts to distinguish the service areas of GTE and the

⁸Id., Appendix B, p. 20.

⁹Comments of GTE, pp. 40-71.

¹⁰Comments of GSA, p. 5.

¹¹See, e.g., Comments of ITAA, pp. 5-9; ATSI, pp. 13-14; ITN, p. 12; MCI, pp. 5-9.

RBOCs. It is therefore appropriate for the Commission to eliminate any regulatory distinction. If the Commission decides to impose different requirements based upon the density of the population various telephone companies serve, it should apply the same rules to the urban and rural operations of both GTE and the RBOCs.¹²

GTE, on the other hand, argues that "[t]he least damaging way to impose all or some portion of the BOC Requirements on GTE would be to formalize GTE's existing practices."¹³ GSA does not believe that carrier-specific rules are appropriate as ONA and nondiscrimination safeguards. ONA is an evolving concept, and the Commission should not open the Pandora's Box of carrier-specific rules. In fact, the Commission's rules are so critical to the development of a competitive market for enhanced services that GSA would recommend the initiation of a rulemaking to extend their applicability to all local exchange carriers.

GTE does raise one reporting issue, however, which merits consideration.¹⁴ The Annual ONA Service Deployment Projection Report shows the percentage of carrier lines in each market area which will be capable of providing each ONA service. As a practical matter, ESP's gain little, and may be misled, by forecasts relating to deployment by carriers having only a minor share in a given market. The Commission may wish to exempt carriers from reporting these statistics in markets in which their

¹²Comments of Bell Atlantic, p. 1.

¹³Comments of GTE, p. 75.

¹⁴Id., pp. 61-62.

share is, say, 20 percent or less. As proposed by Bell Atlantic, of course, this rule would apply to both BOCs and GTE.

IV. FLEXIBLE IMPLEMENTATION OF THE COMMISSION'S
RULES IS APPROPRIATE FOR GTE.

In its comments, GSA supported the Commission's proposal to allow GTE a year from release of its Order in this proceeding to comply with all ONA and nondiscrimination rules.¹⁵ GTE, however, asks that the Commission take into account certain unique GTE circumstances in scheduling implementation.¹⁶

Given the progress GTE has already made under its voluntary compliance program, GSA does not believe a year is an unreasonably short schedule. On the other hand, GTE's progress to date suggests that some flexibility as to timing might be warranted. For example, the most costly area of compliance, according to GTE, is the provision of Operational Support System ("OSS") access to ESPs. Since GTE is in the process of upgrading and standardizing its OSSs, the Commission should be flexible in its rulings on this aspect of compliance. MCI's observations on this subject are quite appropriate:

GTE mentions several OSSs now in place in its various operating units, but dismisses them as not standardized and thus, presumably, not as useful to ESPs as a single, standardized OSS would be. GTE's concern is welcome, but ESPs will be satisfied with

¹⁵Comments of GSA, p. 6.

¹⁶Comments of GTE, pp. 76-78.

the same access to whatever OSSs serve GTE's enhanced service operations.¹⁷

In short, as long as GTE offers a cost effective plan to move to full compliance in a reasonable amount of time, the Commission should be flexible in scheduling implementation.

¹⁷Comments of MCI, p. 9.


V. CONCLUSION

As the agency vested with the responsibility for acquiring telecommunications services for use of the Federal Executive Agencies, GSA supports the Commission's efforts to bring full and open competition to the enhanced services market. GSA concludes that rules applying Open Network Architecture and nondiscrimination safeguards to the GTE Corporation should be adopted in accordance with the Commission's NPRM, as refined by the above GSA Reply Comments.

Respectfully submitted,

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Due: March 24, 1993

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